

Message Text

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R 120008Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

UNCLAS STATE 272366

THE FOLLOWING REPEATS LONDON 16171 ACTION USDOC

INFO SECSTATE 11 DECEMBER 1974. QUOTE:

UNCLAS LONDON 16171

E.O. 11652: N/A

TAGS: BBAK, UK

SUBJECT: WTDR SUPPLEMENT - BRITISH LEYLAND MOTOR
CORPORATION LTD

REF: LONDON 16007; USDOC 16002; LONDON 15911

ON DECEMBER 6 SECRETARY FOR INDUSTRY WEDGEWOOD BENN
ANNOUNCED THAT UKG WILL TAKE "AN EQUITY STAKE" IN
BRITISH LEYLAND IN RETURN FOR FINANCIAL ASSISTANCE.
SECRETARY BENN STATED THAT THE GOVERNMENT WILL SEEK
PARLIAMENTARY APPROVAL TO GUARANTEE LEYLAND'S WORKING
CAPITAL OVER AND ABOVE EXISTING FACILITIES.

BENN'S ANNOUNCEMENT COINCIDES WITH A) DECISION OF
SPANISH GOVERNMENT TO PROHIBIT SALES TO GMC OF LEYLANDS
SPANISH SUBSIDIARY, B) DECISION OF LEYLAND PRODUCTION
WORKERS AT COWLEY PLANT TO SEEK 16 POUNDS A WEEK WAGE
INCREASE.

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NOT KNOWN AS YET IS EXTENT OF UKG INVOLVEMENT (I.E.

MAJORITY EQUITY HOLDING² NOR AMOUNTS INVOLVED. GOVERN-
MENT DECISION APPARENTLY DICTATED BY LEYLAND'S CASH
SHORTAGE AND RELUCTANCE OF ITS BANKERS TO EXTEND
FURTHER LENDING INDEFINITELY.

AS A FURTHER RECENT DEVELOPMENT COMPANY SIGNED
DECEMBER 9 WITH EGYPTIAN GOVERNMENT FOR CONSTRUCTION
IN EGYPT OF 10,000 LAND ROVERS WORTH ABOUT 50 MILLION
POUNDS.
SPIERS

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